## **CP-40 Commission Position on Teams (4-5-2011)**

The Commission recognizes that there are benefits to both real estate brokers and consumers in the usage of real estate broker teams. Teams may be formed within a licensed brokerage firm with the approval of the employing broker. Real estate brokers operating as teams need to ensure that they are compliant with Commission rules regarding advertising, name usage and supervision.

## Advertising and name usage:

While there is no prohibition of teams, real estate brokers need to ensure that they do not advertise in a manner that misleads the public as to the identity of the brokers' licensed brokerage. Real estate brokers that function as teams should not advertise teams using the terms "realty", "real estate", "company", "corporation", "corp.", "inc.", "LLC" or other similar language that would indicate a company other than the employing brokerage firm. Advertising includes, but is not limited to, websites, signage, property flyers, mailings, business cards, letterhead and contracts. The advertising of team names should never give the impression that the team is an entity separate from the licensed real estate brokerage. If the identity of the employing broker or the brokerage firm is difficult for the public or the Commission to ascertain, the team may be in violation of Rule E-8 Advertising.

## **Supervision:**

In addition to the supervision requirements set forth in Rules E-31 and E-32, Rule E-30 Employing broker responsibilities requires that the broker designated to act as the broker for any partnership, limited liability company or corporation, i.e. the employing broker, fulfill the following duties:

- 1) Maintain all trust accounts and trust account records;
- 2) Maintain all transaction records;
- 3) Develop an office policy manual and periodically review office policies with <u>all</u> employees;
- 4) Provide for a high level of supervision for newly licensed persons pursuant to Rule-32;
- 5) Provide for a reasonable level of supervision for experienced licensees pursuant to Rule E-31;
- 6) Take reasonable steps to ensure that violations of statutes, rules and office policies do not occur or reoccur;
- 7) Provide for adequate supervision of all offices operated by the broker, whether managed by licensed or unlicensed persons.

Pursuant to §12-61-118, C.R.S. and Rule E-29, employing brokers are also responsible for providing supervision over such activities with reference to the licensing statutes and Commission rules for all brokerage employees, including but not limited to administrative

assistants, bookkeepers and personal assistants of licensed employees. Thus, employing brokers are responsible for the actions of unlicensed persons who perform functions within the real estate broker team. Employing brokers need to ensure that any unlicensed person acting within the team is not engaged in practices that require a real estate broker's license. Employing brokers also need to establish that the compensation paid to an unlicensed person for services provided is not in the form of a commission. Compensation paid to an unlicensed person is not required to to be paid solely by the employing broker. However, §12-61-117, C.R.S. requires that all licensee compensation or valuable consideration for the performance of any acts requiring a broker's license is paid solely by the employing broker.